

Capital: Belgrade

Population: 10,656,929 *note: all data dealing with population is subject to considerable error because of the dislocations caused by military action and ethnic cleansing (July 2002 estimate)*

GDP(current U.S. \$): \$25.3 billion (2002 est.)

Population below national poverty line: 30%

GDP per capita (purchasing power parity): \$2,370 (2002 est.)

Religion: Orthodox 65%, Muslim 19%, Roman Catholic 4%, Protestant 1%, other 11%

Language: Serbian 95%, Albanian 5%

President: Svetozar Marovic

Prime Minister of the Republic of Serbia: Zoran Živković

Prime Minister of the Republic of Montenegro: Milo Djukanović

Ambassador to U.S.: Ivan Vujacic



National Interest: U.S. assistance to Serbia and Montenegro (SAM) is based on fundamental U.S. national interests in Europe. SAM is crucial to the economic development of Southeast and Central Europe and to the political stability of Europe as a whole. As a social, political and geographic crossroad amid Western and Eastern Europe, Turkey, and Greece, SAM occupies a key geographic juncture in the Balkans. With a large population, a potential for strong economic growth, and an important geo-strategic location, Serbia and Montenegro's economic and democratic development remains central to the future prosperity and stability of the region. USAID's role is to focus on democratic and economic reform and conflict mitigation.

OVERVIEW OF USAID'S FOCUS IN SERBIA AND MONTENEGRO (SAM)

The U.S. Congress appropriates funding for the two republics separately.

FY03: Total SEED – Serbia: \$110 million, USAID Total: \$90.2 million

FY03: Total SEED – Montenegro: \$40million, USAID Total: \$30 million

Republic of Serbia

Economic Policy for Economic Efficiency (FY 03 \$27 million 29%): The key elements of the program underway in the Republic of Serbia include: banking system stabilization and reform; enhancing Central Bank efficiency and bank supervision; tax policy and administrative reform; enterprise restructuring and privatization; Serbia competitiveness and economic efficiency; real estate market development; increased trade and market access; home equity and mortgage finance; and alternative finance and credit mobilization. USAID provides advisors on bank supervision, commercial law and urban land registry, as well as emergency technical assistance to prevent the collapse of the banking system in Serbia. Working in concert with U.S. Treasury advisors who are focusing on budget preparation, tax and bank supervision, USAID is providing assistance to economic think tanks in fiscal, banking, and trade policy, and is assisting the National Bank in introducing international accounting standards in the banking system. USAID also provides support for WTO accession..

Civil Society and Local Government (FY 03 \$19.5million 21%): The program integrates association development; policy dialogue and development; citizen participation in local governance; communal enterprises management; information management and technology (IT); and financial management into a coherent strategy with a central focus on a common theme: the effective generation, allocation, management, and accountability of the use of public resources to achieve public priorities. At the local level, the program will build municipal capacities, while creating incentives for improved performance and accountability through citizen participation. The program also provides support for strengthening anti-trafficking laws and providing support for trafficked persons, enhancing and strengthening independent media, establishing the rule of law, strengthening the political process, NGO development, and providing support for public diplomacy programs.

Community Revitalization through Democratic Action (FY 03 \$43.7 million 48 %): These civil society and local governance programs work to revitalize grass root democracy, to empower citizens to hold local government accountable and to empower citizens to participate in the decision-making process that affects their lives. The programs focus on revitalizing local democracy through strong citizen participation as well as on strengthening the capacity of local governments to provide services in an efficient, transparent, participatory manner. A panoply of assistance is offered through U.S. NGOs to hundreds of communities throughout Serbia.

Republic of Montenegro

Economic Policy Reform and Implementation Project (FY 03 \$9.9 million, 33%): The program is designed to facilitate the Republic's transition to an open, democratic, ethnically diverse, market-driven economy. During the past year, USAID has assisted the Government of Montenegro (GOM) in developing a broad set of legal and institutional reforms designed to modernize the Montenegrin economy and institutions and to facilitate the transition from a state-driven to a market-driven, transparent economic system. Elements of the program include: credit for small and medium enterprises; industrial restructuring and SME development ; strengthening the private sector; and, economic research and policy advocacy.

Democracy and Municipal Level Governance (FY 03 \$8.1 million, 27%): Includes NGO capacity development to improve sustainability, training for Montenegrin leaders in the public and private sectors, judicial reform, political party strengthening, and funds to improve the quality of journalists and the media. Community development activities will be initiated through US NGOs to reinforce participation and transparency in local government. The municipal governance program encourages engagement and transparency in the local government process. Its goals is to improve the capacity of local governments in Montenegro to respond more effectively and efficiently to increased demands on municipal services and infrastructure. The program includes the development and promulgation of a new legal framework for fiscal and democratic decentralization and devolution of authority and resources; improves municipal financial management skills and practices; and develops a local government in-service training delivery system to insure sustainable implementation of enacted reforms.

Community Revitalization through Democratic Action (FY 03 \$12 million, 40%): A panoply of assistance is offered through U.S. NGOs to hundreds of communities throughout Montenegro to increase citizen participation in political and economic decision-making for their communities through effective interaction between citizens, in and among communities, and, between communities and local government. Activities include promoting democratic governance and particularly the participation of local citizens in governance, improving community and municipal social and economic infrastructure and services, improving environmental conditions and practices, and enhancing local economic development.

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